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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

August 31, 1999

Ms. Magalie Roman Salas
Secretary, Federal Communication Commission
445 12th Street, S.W.
Washington, DC 20554

Re: Ex Parte Presentation of Covad Communications Company in

CC Docket No. 98-147, *In the Matter of Deployment of Wireline
Services Offering Advanced Telecommunications Capability*

Dear Ms. Salas,

On August 27, 1999, Anjali Joshi, Ron Marquardt, James D. Earl, and Thomas M. Koutsky of Covad Communications Company met with Staci Pies, Carol Matthey, Vincent Paladini, and Michael Jacobs of the Common Carrier Bureau and Doug Sicker, Stag Newman, and Jerome Stanshine of the Office of Engineering and Technology to discuss line sharing and spectrum management issues, as summarized in the attached presentation, which was distributed at the meeting.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.206(a)(2) of the Commission's rules.

Sincerely,

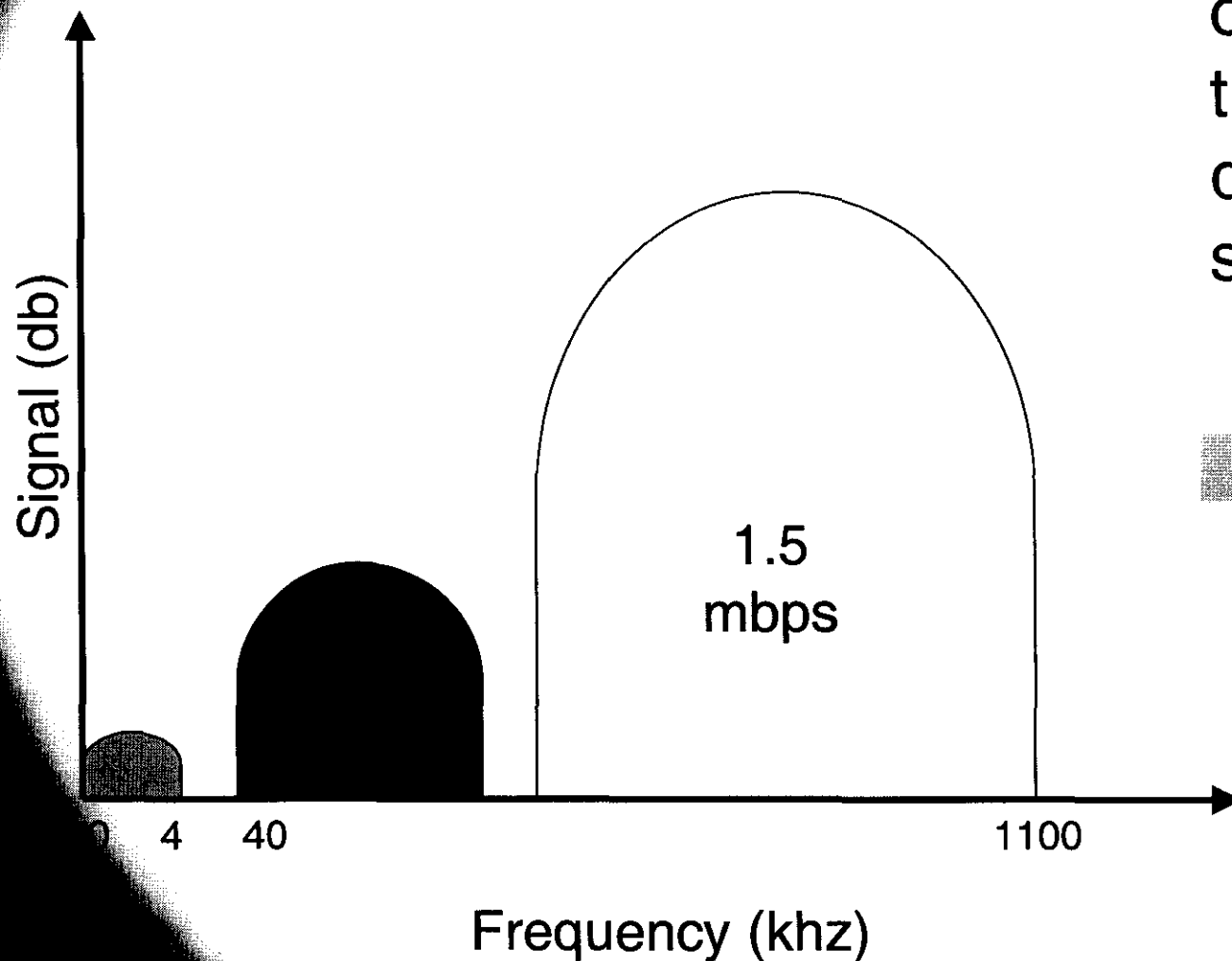
A handwritten signature in black ink, appearing to read 'Thomas M. Koutsky', is written over a horizontal line.

Thomas M. Koutsky
Assistant General Counsel
Phone: (202) 220-0407

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Learning and Management





- ADSL signals work on different part of the spectrum than does analog voice service

- Voice
- ADSL upstream
- ADSL downstream

Line sharing will significantly degrade voice services

- DSL designed for line sharing does not cause interference with analog voice services
- “Excessive Power” claims are fearmongering in both competitive and regulated environments
- Analog signal need not enter CLEC Collocation space



Line sharing will thwart residential voice competition

- Two different services: local voice and broadband
- Economics of voice market and ILEC compliance with 251 and 271 determine the future of voice competition
- Don't make broadband competition wait for voice competition to develop
- Most voice CLECs do not provision DSL
- You don't become an RBOC overnight!



Line sharing will chill investment incentives and freeze innovation

- Innovation is spurred by competition, not monopolies
- DSL deployment and innovation has been spurred by CLECs, not ILECs
- Increasing availability of broadband will drive investments and innovation
 - Fiber transport to suburbs
 - Next-generation Remote Terminal devices
 - Result: Highest possible speed DSL over short copper loops



Line Sharing will require costly OSS modifications

- ILECs already accommodate shared lines with ISPs
- Lots of rhetoric, where are the specifics?
- OSS less complicated than Equal Access and OSS to support competitive voice entry
- DAMLs: OSS already can track two numbers on same loop
- Not asking for a free ride: Covad has offered to fund Telcordia's LFACS development costs



Line sharing will present confounding pricing and cost-allocation difficulties

- ILECs already solved cost allocation problems for themselves in their DSL tariffs
- All the CLECs want is nondiscriminatory access to DSL users
- FCC has tackled much more complicated cost allocation decisions in the past



There is no good reason or legitimate need for line sharing

- Promote consumer choice for broadband services
- Break up the residential broadband monopoly being maintained by the ILECs
- Line sharing is essential where ILEC-caused loop shortage eliminates “2nd line” entry
 - Orders continually rejected because of “lack of facilities”
 - Demonstrates ILEC ILEC’s past failure to invest its guarantees profits into network infrastructure



- T1 Letter Ballot LB 785 narrowly defeated
 - Most carriers (including some ILECs) voted against
 - In favor: SBC, Ameritech, Bell Atlantic, GTE, Telcordia
 - BA and Ameritech reversed prior position *against* binder group management
- Problems with “Guarded Services” Approach
 - Discriminatory: Protects ILEC technologies at expense of CLEC technologies
 - Inconsistent and deficient
 - Relies upon binder group assignment



- Guarded Services would lock in certain xDSL technologies as “winners”
 - An ILEC Guarded Service *need not be deployed*, but would still block deployment of a CLEC non-Guarded xDSL technology
 - xDSL that is spectrally identical to a Guarded Service yet in the standard format not guarded
 - No provision to take services off Guarded list
 - Emerging services examined against Guarded list -- not against actual interference



Deployment of ADSL

- LB 785 would Enshrine ILEC ADSL Preference
 - ILECs have more incentive to deploy ADSL than CLECs (who have no T1 revenue to cannibalize)
 - Under LB 785, ILEC need not even deploy ADSL or VDSL to block CLEC SDSL deployment
 - LB 785 is static, would not evolve
- *LB 785 injects T1E1.4 into Policy-Setting -- contrary to Committee T1 procedures (8.2.1)*



- Replace Guarded Services with 3 Categories:
 - Legacy
 - Deployable
 - Emerging
- Spectral management methods of Annex A to determine compatibility of services with those in “Deployable” category
- Deployment restrictions only to degree necessary to provide for equitable deployment



- ILECs want to lock-in a preference for their selected xDSL technologies (ADSL and VDSL); CLEC deployment of SDSL thwarted
- ILECs then seek to limit CLEC access to remote terminal devices (where VDSL would be deployed)
- Simultaneously, ILECs argue that xDSL is not a “local service” under Section 251

Result: Monopolization of High Bandwidth Potential of the Local Loop



*Under LB 785, ILECs need not deploy
any ADSL or VDSL to use Guarded
Services protection to thwart deployment
of CLEC xDSL technologies!*

**Clearly not what FCC intended
in March 31 Order and FNPRM**



Although Covad has proposed T1E1.4/99-408 to the Committee, we believe that portions are more appropriately handled within the FCC

- FCC has *public interest* mandate: not commercial interest
- FCC proceedings are open and public on the basis of generally understood procedures
- T1E1 Committee includes representatives with no interest or knowledge of DSL deployment
- Procedures favor large, established incumbents

